

1 Robert A. Julian (SBN 88469)
2 Cecily A. Dumas (SBN 111449)
BAKER & HOSTETLER LLP
Transamerica Pyramid Center
3 600 Montgomery Street, Suite 3100
San Francisco, CA 94111-2806
Telephone: 415.659.2600
Facsimile: 415.659.2601
Email: rjulian@bakerlaw.com
Email: cdumas@bakerlaw.com

6 Eric E. Sagerman (SBN 155496)
7 David J. Richardson (SBN 168592)
Lauren T. Attard (SBN 320898)
8 BAKER & HOSTETLER LLP
11601 Wilshire Blvd., Suite 1400
9 Los Angeles, CA 90025-0509
Telephone: 310.820.8800
Facsimile: 310.820.8859
Email: esagerman@bakerlaw.com
Email: drichardson@bakerlaw.com
Email: lattard@bakerlaw.com

12 *Counsel to the Official Committee of Tort Claimants*

13
Elizabeth A. Green (*pro hac vice*)
BAKER & HOSTETLER LLP
200 South Orange Avenue, Suite 2300
Orlando, FL 32801
Telephone: 407.649.4036
Facsimile: 407.841.0168
Email: egreen@bakerlaw.com

Elyssa S. Kates (*pro hac vice*)
BAKER & HOSTETLER LLP
45 Rockefeller Plaza
New York, NY 10111
Telephone: 212.589.4227
Facsimile: 212.589.4201
Email: ekates@bakerlaw.com

14
UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

15 **In re:**

16 **PG&E CORPORATION**

17 **-and-**

18 **PACIFIC GAS AND ELECTRIC**
19 **COMPANY,**

Debtors.

20 Affects PG&E Corporation
21 Affects Pacific Gas and Electric Company
22 Affects both Debtors

23 *All papers shall be filed in the Lead Case,
24 No. 19-30088 (DM)

Bankruptcy Case
No. 19-30088 (DM)

Chapter 11
(Lead Case)
(Jointly Administered)

REQUEST FOR HEARING ON
APPLICATIONS OF THE OFFICIAL
COMMITTEE OF TORT CLAIMANTS
PURSUANT TO 11 U.S.C. § 1103 AND
FED. R. BANKR. P. 2014 AND 5002 TO
RETAIN AND EMPLOY HON. JOHN K.
TROTTER (RET.) AS TRUSTEE AND
CATHY YANNI AS CLAIMS
ADMINISTRATOR NUNC PRO TUNC
TO JANUARY 13, 2020 THROUGH THE
EFFECTIVE DATE OF THE
RESOLUTION TRUST AGREEMENT

25 Date: April 7, 2020
26 Time: 10:00 a.m. (Pacific Time)
Place: United States Bankruptcy Court
Courtroom 17, 16th Floor
San Francisco, CA 94102

27
28 **Objection Deadline: Passed**

1 The Official Committee of Tort Claimants (the “**TCC**”) of PG&E Corporation and Pacific
2 Gas and Electric Company (collectively the “**Debtors**”), pursuant to the Court’s March 6, 2020
3 Docket Text Order (the “**Order**”), hereby requests a hearing on April 7, 2020, or as soon thereafter
4 as the TCC may be heard, on the (1) *Application of the Official Committee of Tort Claimants*
5 *Pursuant to 11 U.S.C. § 1103 and Fed. R. Bankr. P. 2014 and 5002 to Retain and Employ Hon.*
6 *John K. Trotter (Ret.) as Trustee Nunc Pro Tunc to January 13, 2020 Through the Effective Date*
7 *of the Resolution Trust Agreement* (the “**Trotter Application**”) (Dkt. No. 5726), and
8 (2) *Application of the Official Committee of Tort Claimants Pursuant to 11 U.S.C. § 1103 and Fed.*
9 *R. Bankr. P. 2014 and 5002 to Retain and Employ Cathy Yanni as Claims Administrator Nunc Pro*
10 *Tunc to January 13, 2020 Through the Effective Date of the Resolution Trust Agreement* (the
11 “**Yanni Application**”) (Dkt. No. 5723).

REQUEST FOR HEARING

13 1. As directed by the Court in the Order, the TCC and Debtors have conferred
14 regarding a budget for fees, costs and expenses incurred, and to be incurred, by Justice Trotter,
15 Ms. Yanni¹ and their employees and proposed professionals. Unfortunately, the TCC and Debtors
16 have not been able to reach an agreement.

17 2. The Debtors seek to cap the aggregate amount of administrative fees, costs and
18 expenses they will cover on behalf of the Fire Victim Trust from January 13, 2020 through an
19 uncertain Plan Effective Date² at \$2.5 million for all Fire Victim Trust professionals and staff. This
20 amount, as originally proposed in and agreed upon pursuant to a budget provided to the Debtors,
21 was to cover *solely* the fees and expenses of Justice Trotter and Ms. Yanni (and three members of
22 their staff for prescribed roles) from January 13, 2020 through a presumed Plan Effective Date (and
23 attendant funding of the Trust) of June 30, 2020. The cap, as now proposed by the Debtors, extends

¹ Capitalized terms used but not defined herein shall have the meanings given them in the Trotter Application and Yanni Application.

26 ² On March 20, 2020, the Debtors filed a Motion Pursuant to 11 U.S.C. §§ 105 and 363 and Fed. R. Bankr. P. 9019 for
27 Entry of an Order (I) Approving Case Resolution Contingency Process and (II) Granting Related Relief (the
28 **“Contingency Plan Motion”**) [Dkt. No. 6398] seeking entry of an order approving two contingency processes in the
event that confirmation of the Plan does not occur by June 30, 2020. The Contingency Plan Motion allows the Debtors
to push the Effective Date of the Plan as late as December 31, 2020. As a result, Fire Victims who first suffered losses
as long as five years ago may have to wait six months longer than originally contemplated after the passage of AB 1054
to begin to receive distributions.

1 to all administrative fees and expenses of the Fire Victim Trust through a funding date that is yet
2 to be determined, and the cap amount is woefully insufficient given the amount of work necessary
3 and that is already underway to get the Fire Victim Trust operational so that it can commence
4 making distributions to Fire Victims contemporaneously with funding on the Effective Date.

5 3. It is imperative that the Fire Victim Trust be in a position to begin to disburse
6 payments on account of Fire Victim Claims as soon as possible after the initial funding of the
7 Trust.³ If the Fire Victim Trust cannot become operational on the occurrence of the Effective Date
8 (which requires months of advance preparation) and begin making distributions shortly thereafter,
9 thousands of Fire Victims who first suffered devastating losses as long as five years ago would be
10 forced to endure many more months of undue hardship before they receive any distributions. The
11 Fire Victims are creditors of the Debtors who have suffered devastating and catastrophic personal
12 injuries and property losses, some of which the Debtors have been found criminally liable for, yet
13 they are not being paid in full on the Effective Date as other unsecured creditors are. The Fire
14 Victims have suffered undue and unwarranted hardships waiting for compensation for their injuries
15 and losses, and if the Fire Victim Trust only has the ability to go operational as of the initial funding
16 date (which could take some time), these victims will be forced to wait even longer to receive
17 payments they may be entitled to from the Fire Victim Trust, as the Trust only then will be able to
18 hire the professionals it needs and will subsequently only then be equipped to take the time it
19 requires to build and implement the claims administration and resolution architecture that has to be
20 in place before it can distribute monies to eligible victims. The Fire Victims should not have to
21 continue to bear the brunt of these Chapter 11 Cases when that could be minimized by providing
22 the Fire Victim Trust with the necessary means to prepare in advance for the Debtors' emergence.

23 4. At this time, Justice Trotter and Ms. Yanni and a select number of their employees
24 have, on their own time and without any present funding, begun the foundational work necessary
25 to make the Trust operational, but they require a significantly larger budget than the one proposed
26

27 ³ While the Debtors routinely point to the "\$13.5 billion" they are providing for the benefit of the Fire Victims, the
28 reality of the funding plan for the Fire Victim Trust is that the Debtors will contribute only \$5.4 billion in cash on the
Effective Date. Even if the Fire Victim Trust is operational as of the date it is funded, Fire Victims will only receive
compensation on account of a fraction of their claims initially.

1 by the Debtors if they are to have any chance at providing Fire Victims with initial distributions
2 before the end of this year. In order to ensure that the Fire Victim Trust is operating efficiently and
3 is prepared to make initial distributions soon after it is funded, claim evaluation protocols need to
4 be established and functioning properly and claims software needs to be developed. Justice Trotter
5 and Ms. Yanni propose to use BrownGreer as the Fire Victim Trust's claims processing experts,
6 which will streamline the start-up work necessary due to BrownGreer's familiarity with the claims.
7 This undertaking alone is enormous as more than 77,000 Fire Victims have filed in excess of 82,000
8 Fire Victim Claims, asserting numerous categories of damages. These claims must be processed,
9 large amounts of data obtained from insurance files must be analyzed, data storage and security
10 must be addressed, and payment structures must be established. This process will require the
11 coordinated efforts of hundreds of BrownGreer employees, necessitating some new hires, and will
12 include employees who will become experts on each of the numerous categories of claims,
13 employees who will help develop and implement the claims evaluation protocols and software
14 developers who will create a customized database. It is impossible for BrownGreer to start
15 assembling this significant workforce without the promise of any compensation while waiting for
16 the Debtors to fund the Fire Victim Trust.

17 5. Justice Trotter and Ms. Yanni also cannot navigate the various other issues they face
18 in setting up and administering a multi-billion dollar victim trust of this size and complexity without
19 advice of independent counsel. In that regard, they have retained Brown Rudnick LLP (“**Brown**
20 **Rudnick**”) as counsel to them in their capacities as putative Trustee and Claims Administrator. It
21 is prudent for Justice Trotter and Ms. Yanni to retain counsel separate from TCC counsel now,
22 several months before the Fire Victim Trust is funded, to advise them on the fundamental
23 construction of the Fire Victim Trust documents and all other material agreements and settlements
24 that indisputably will impact their ability to operate the Fire Victim Trust and fulfill their respective
25 mandates for the Fire Victims. This case requires extraordinary participation from Brown Rudnick
26 *prior to the Effective Date* due to the complexity and magnitude of the issues raised by numerous
27 parties involved in these Chapter 11 Cases that directly impact the Fire Victim Trust. By way of
28 example only, the Trustee will be a steward of more than 20% of New HoldCo Common Stock.

1 No qualified candidate for Trustee or Claims Administrator would agree to take on this mandate
2 ***on day one*** of the Effective Date without the assurance that his or her counsel, at a minimum,
3 undertook a substantial review and analysis of the various operative documents and related
4 agreements and settlements that directly govern or impact the rights, obligations and liabilities of
5 the Trust. Not only does the Trust need independent advice on navigating its rights and duties as a
6 significant stockholder but also needs representation at this critical stage when those rights and
7 duties are currently being negotiated among various parties in these Chapter 11 Cases.⁴ The Fire
8 Victim Trust will also need asset management relationships, negotiated and established to hold and
9 manage its cash and non-cash assets prior to the funding date in order to ensure a smooth transition
10 with minimal frictional costs. In that vein, fiduciary insurance for the Trustee, the Claims
11 Administrator and the Trust Oversight Committee must be negotiated, purchased ***and in place*** as
12 of the Effective Date. Brown Rudnick has already started and progressed each of these tasks in a
13 meaningful way, as is necessary for good trust governance and timely compensating the Fire
14 Victims.

15 6. The extensive work described above cannot be done without significant input from
16 a financial advisor, especially because half of the total amount of funding being contributed to the
17 Fire Victim Trust will come in the form of New HoldCo common stock, which will be restricted
18 from sale for some period after it is transferred. It would be grossly irresponsible to expect Justice
19 Trotter and Ms. Yanni to attempt to guide a trust containing billions of dollars in new common
20 stock for the benefit of tens of thousands of individual Fire Victim claimants without the advice of
21 financial experts. The financial advisor will provide the Fire Victim Trust and the Trustee expert
22 guidance concerning, among other things, (i) the value of all securities and other rights proposed

23 ⁴ The agreements that impact, or burden the Trustee's and Claim Administrator's ability to carry out their mandates to
24 maximize the value of the Trust's assets (and deliver that value in a timely manner) for the benefit of the Fire Victims
25 include, but not limited to, the Trust Agreement, the Plan, the Claims Resolution Procedures, various settlement
26 agreements that are being negotiated between various parties-in-interest that must be administered from the Trust or
27 impact the Trust's corpus, a shareholder agreement, registration rights agreement, Tax Benefit Payment Agreement
28 and many other documents. Many of these documents and the surrounding issues have not yet been resolved but will
have a direct impact on the putative Trustee and Claims Administrator's ability to operate the Trust. Justice Trotter
and Ms. Yanni were also asked by the parties to the RSA for their input on the trust documents and assurance that they
were comfortable with the documents. Brown Rudnick expended dozens of hours working with the interested parties
and Justice Trotter and Ms. Yanni to reach an agreement on documents that were fair, efficient, and acceptable to all
interested parties and that ultimately were included in the Disclosure Statement's solicitation package.

1 to be contributed to the Fire Victim Trust, (ii) the capitalization of the reorganized Debtors and any
2 funding arrangements (debt or equity) relating to the Plan, (iii) the financial aspects of all
3 agreements relating to the non-cash securities and other assets and rights to be distributed to the
4 Fire Victim Trust, especially those impacting future monetization of the relevant securities and
5 other assets and (iv) all aspects concerning the monetization of the non-cash securities and other
6 assets and rights contributed to the Trust.

7 7. The TCC, Justice Trotter and Ms. Yanni take seriously the admonition not to
8 duplicate work that can be handled by counsel and financial advisor to the TCC. In recognition of
9 that concern, the Trust's professionals are only focused on issues that directly impact the fair,
10 efficient and orderly operation and administration of the Trust – a role that is not and should not be
11 fulfilled by the TCC's professionals who are directly negotiating with the Debtors and other parties-
12 in-interest on all other aspects of these Chapter 11 Cases. No qualified candidate for the Trustee
13 or Claims Administrator positions would agree to serve in those roles on the Effective Date without
14 having the guidance of independent counsel and financial advisors to set up the complicated trust
15 structure that will have to properly function quickly and for some time.

16 8. Accordingly, Justice Trotter and Ms. Yanni request a budget in the amount of
17 approximately \$22 million (as further described in the Budget attached hereto as Exhibit A) through
18 August 2020, which is comprised of (i) \$3.5 million in fees and expenses for Ms. Yanni, Justice
19 Trotter and their staff, (ii) \$4.3 million for the fees and expenses of Ms. Yanni and Justice Trotter's
20 counsel, (iii) \$1 million for the fees and expenses of a financial advisor, and (iv) \$12.5 million for
21 the fees and expenses of claims processing experts. For every month the Trust is not funded after
22 August 31, 2020, Justice Trotter and Ms. Yanni will require an additional budget of \$5.15 million,
23 which is comprised of (i) \$500,000 in fees and expenses for Ms. Yanni, Justice Trotter and their
24 staff, (ii) \$800,000 for the fees and expenses of Ms. Yanni and Justice Trotter's counsel, and
25 (iii) \$3.5 million for the fees and expenses of claims processing experts, and (iv) \$350,000 for a
26 financial advisor. Without the necessary pre-Effective Date funds, it will be fiscally impossible to
27 begin any significant preparatory work, and it will take several months after the Effective Date to
28

1 make the Trust operational and able to begin making distributions. The resulting delay will
2 needlessly harm the Fire Victims, who already have waited years to recover damages.

3 **NOTICE**

4 Notice of this Request will be provided to (i) the Office of the United States Trustee for
5 Region 17 (Attn: James L. Snyder, Esq. and Timothy Laffredi, Esq.); (ii) counsel to the Creditors
6 Committee; (iii) counsel to the Debtors; (iv) the Securities and Exchange Commission; (v) the
7 Internal Revenue Service; (vi) the Office of the California Attorney General; (vii) the California
8 Public Utilities Commission; (viii) the Nuclear Regulatory Commission; (ix) the Federal Energy
9 Regulatory Commission; (x) the Office of the United States Attorney for the Northern District of
10 California; (xi) counsel for the agent under the Debtors' debtor in possession financing facility;
11 (xii) counsel for the Fee Examiner, Bruce A. Markell, and (xiii) those persons who have formally
12 appeared in these Chapter 11 Cases and requested service pursuant to Bankruptcy Rule 2002. The
13 TCC respectfully submits that no further notice is required.

14 **WHEREFORE**, the TCC respectfully requests that this Court schedule a hearing on the
15 Trotter Application and Yanni Application on April 7, 2020.

16
17 Dated: March 25, 2020

BAKER & HOSTETLER LLP

18
19 By: /s/ Elizabeth A. Green
Elizabeth A. Green (*pro hac vice*)

20
21 *Counsel to the Official Committee of Tort
22 Claimants*